

MAR 06 2015

SENATE RESOLUTION

REQUESTING A STUDY REGARDING THE NEED TO INCREASE THE DOLLAR
THRESHOLD THAT DETERMINES WHETHER A SMALL PURCHASE IS
EXEMPT FROM SMALL PURCHASE PROCUREMENT PROCEDURES.

1 WHEREAS, the Legislature enacted the Hawaii Public
2 Procurement Code in 1993 to provide for fair and equitable
3 treatment of all persons dealing with the procurement system,
4 foster broad-based competition among vendors while ensuring
5 accountability, transparency, fiscal responsibility, and
6 efficiency in the procurement process, and increase confidence
7 in the integrity of the system for expenditure of public funds;
8 and
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10 WHEREAS, under current law, small purchase procurements of
11 \$25,000 to less than \$250,000 are subject to rule-based small
12 purchase procurement procedures, while small purchase
13 procurements of less than \$25,000 are exempt from these
14 procedures; and
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16 WHEREAS, established in 1997, the foregoing dollar
17 thresholds are out of touch with the current cost of goods,
18 services, and construction, which have greatly increased and
19 continue to escalate; and
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21 WHEREAS, inflation is only one of many factors contributing
22 to escalating costs, and \$25,000 in 1997 dollars had the same
23 buying power as \$36,735 in 2014 dollars, due to inflation alone;
24 and
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26 WHEREAS, accordingly, an increase of the small purchase
27 procurement dollar thresholds is overdue and clearly advisable
28 to ensure fulfillment of the Legislature's stated intent
29 regarding small purchase procurements, namely, to ensure that
30 small purchases be simple to procure and administer while
31 providing for as much competition as is practicable; now,
32 therefore,



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2 BE IT RESOLVED by the Senate of the Twenty-eighth
3 Legislature of the State of Hawaii, Regular Session of 2015,
4 that the State Procurement Policy Board is requested to study:

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6 (1) How the cost of goods, services, and construction have
7 escalated since 1997, considering inflation and other
8 factors; and
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10 (2) With respect to the dollar threshold that determines
11 whether a small purchase is subject to small purchase
12 procurement procedures or exempt from these
13 procedures, and given the Legislature's intent that
14 small purchases be simple to procure and administer
15 while providing for as much competition as is
16 practicable:
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18 (A) To what amount should this dollar threshold be
19 increased to ensure, in light of evident
20 escalating costs, that the Legislature's intent
21 in setting the threshold at \$25,000 in 1997
22 continues to be fulfilled; and
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24 (B) With such an increase of the dollar threshold,
25 what additional safeguards, if any, should be
26 implemented to ensure efficiency, transparency,
27 and accountability in exempt small purchase
28 procurements, including, for example, requiring
29 each purchasing agency and department to include
30 in its annual report an itemized list of exempt
31 small purchase procurements made; and
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33 BE IT FURTHER RESOLVED that the State Procurement Policy
34 Board is requested to submit a report of its findings,
35 recommendations, and actions to the Legislature no later than
36 twenty days before the commencement of the Regular Session of
37 2016; and
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1 BE IT FURTHER RESOLVED that certified copies of this
2 Resolution be transmitted to the Comptroller and the chairperson
3 of the State Procurement Policy Board.
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OFFERED BY: *Mark D. Hill*

